



HEALTH QUARTERLY STATEMENT

AS OF JUNE 30, 2004
OF THE CONDITION AND AFFAIRS OF THE

Priority Health

NAIC Group Code	3383	3383	NAIC Company Code	95561	Employer's ID Number	38-2715520
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Date Incorporated	03/07/1986		Commenced Business	10/15/1986		
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	1231 East Beltline NE		Grand Rapids, MI 49525-4501	616-464-8235		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline NE		Grand Rapids, MI 49525-4501	616-464-8235		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	www.priority-health.com					
Statutory Statement Contact	Malcolm Hall			616-464-8235		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	malcolm.hall@priority-health.com			616-942-7916		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact						
	(Street and Number)			(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	Chief Executive Officer	Judith W Hooyenga	Secretary
Dennis J Reese	Chief Financial Officer		

OTHER OFFICERS

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DIRECTORS OR TRUSTEES

Richard C. Breon	Joseph L Brock	Harold E Burrell	Gaylen J Byker
James H Childress	Kenneth J Fawcett	Michael P Freed	Jon M Gans
David E Gast	Gail D Gwizdala	Jerold R Harwood	Edward A Higuera
Nicholas P Kokx	Lynn M Kotecki	Peter B Lundeen	Charles E McCallum
George N Monsma	Timothy V Smith	Hilary F Snell	Dale M Sowders
Jody D Vanderwel	Thomas J Wesholski	David B Johnson	Dennis Aloia
Daniel H Baldwin	Stephen W Burkhammer		

State ofMichigan.....
County ofKent..... SS

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn
Chief Executive Officer

Judith W Hooyenga
Secretary

Dennis J Reese
Chief Financial Officer

Subscribed and sworn to before me this
13 day of August, 2004

Cheryl Britcher, Executive Administrative Assistant
12/30/2005

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	59,324,651		59,324,651	58,470,045
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$0 encumbrances)	476,528	214,438	262,090	471,229
4.2 Properties held for the production of income (less \$0 encumbrances)			0	0
4.3 Properties held for sale (less \$0 encumbrances)			0	0
5. Cash (\$8,520,054), cash equivalents (\$94,451,714) and short-term investments (\$51,975,698)	154,947,466		154,947,466	143,928,926
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	7,897,961	0	7,897,961	5,194,341
8. Receivable for securities	100,000		100,000	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	222,746,606	214,438	222,532,168	208,064,541
11. Investment income due and accrued	1,266,187		1,266,187	1,330,175
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	14,954,300	93,054	14,861,246	5,900,266
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
12.3 Accrued retrospective premiums			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	7,637	7,637	0	138,874
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software	0		0	22,567
18. Furniture and equipment, including health care delivery assets (\$0)	263,957	263,957	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	1,633,216	1,468,924	164,292	2,141,844
21. Health care (\$3,626,802) and other amounts receivable	7,294,614	3,662,313	3,632,301	4,340,246
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	883,989	465,724	418,265	448,126
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	249,050,506	6,176,047	242,874,459	222,386,639
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	249,050,506	6,176,047	242,874,459	222,386,639
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. LT Investment in Michigan Affiliated Health Plan	15,000	15,000	0	0
2302. Goodwill	418,265	0	418,265	448,126
2303. Prepaid Expenses	450,724	450,724	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	883,989	465,724	418,265	448,126

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	62,994,731	7,641,885	70,636,616	71,525,377
2. Accrued medical incentive pool and bonus amounts	24,558,487		24,558,487	33,897,648
3. Unpaid claims adjustment expenses	1,285,607	155,957	1,441,564	1,459,701
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	16,360,486		16,360,486	14,117,638
9. General expenses due or accrued	1,643,395	0	1,643,395	1,211,881
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	107,851		107,851	233,903
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	106,950,557	7,797,842	114,748,399	122,446,148
23. Common capital stock	XXX	XXX	10,524	10,524
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	35,819,002	35,819,002
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	1,000,000	1,000,000
28. Unassigned funds (surplus)	XXX	XXX	91,296,534	63,110,965
29. Less treasury stock, at cost:				
29.1 .....shares common (value included in Line 23) \$)	XXX	XXX		0
29.2 .....shares preferred (value included in Line 24) \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	128,126,060	99,940,491
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	242,874,459	222,386,639
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701. Appropriated Retained Earnings.....	XXX	XXX	1,000,000	1,000,000
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	1,000,000	1,000,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	2,125,149	1,884,323
2. Net premium income (including non-health premium income).....	XXX	458,699,888	372,463,517
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	261,200	40,404
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	458,961,088	372,503,921
Hospital and Medical:			
9. Hospital/medical benefits		286,877,024	236,860,813
10. Other professional services		154,487	199,150
11. Outside referrals		10,759,527	10,184,595
12. Emergency room and out-of-area		7,957,316	7,227,549
13. Prescription drugs		83,176,206	73,719,264
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	388,924,560	328,191,371
Less:			
17. Net reinsurance recoveries		67,470	938,653
18. Total hospital and medical (Lines 16 minus 17)	0	388,857,090	327,252,718
19. Non-health claims			0
20. Claims adjustment expenses, including \$ 642,035 cost containment expenses.....		6,420,350	4,851,703
21. General administrative expenses.....		36,381,986	27,492,982
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	431,659,426	359,597,403
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	27,301,662	12,906,518
25. Net investment income earned		1,832,542	246,617
26. Net realized capital gains (losses)		5,776	138,905
27. Net investment gains (losses) (Lines 25 plus 26)	0	1,838,318	385,522
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	29,139,980	13,292,040
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	29,139,980	13,292,040
DETAILS OF WRITE-INS			
0601. COB and Subrogation.....	XXX	261,200	40,404
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	261,200	40,404
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year.....	99,940,491	61,903,566
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	29,139,980	31,328,331
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(658,033)	986,769
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock		0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in		6,058,234
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	(296,378)	(336,409)
48. Net change in capital & surplus (Lines 34 to 47)	28,185,569	38,036,925
49. Capital and surplus end of reporting period (Line 33 plus 48)	128,126,060	99,940,491
DETAILS OF WRITE-INS		
4701. Gain/(Loss) in Affiliates.....	(87,651)	(240,100)
4702. Change in Non-Admitted Assets of Affiliates.....	(208,727)	(96,309)
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	(296,378)	(336,409)

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	451,978,489	787,133,779
2. Net investment income	2,268,992	2,735,458
3. Miscellaneous income	720,313	2,761,196
4. Total (Lines 1 to 3)	454,967,794	792,630,433
5. Benefits and loss related payments	398,953,775	643,617,650
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	42,388,960	69,553,708
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	441,342,735	713,171,358
11. Net cash from operations (Line 4 minus Line 10)	13,625,059	79,459,075
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	9,946,590	36,592,772
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	1
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(829,573)	(1,174,746)
12.7 Miscellaneous proceeds	1,203,813	1,670,944
12.8 Total investment proceeds (Lines 12.1 to 12.7)	10,320,830	37,088,971
13. Cost of investments acquired (long-term only):		
13.1 Bonds	11,167,882	54,229,024
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	3,000,000	2,010,000
13.6 Miscellaneous applications	100,000	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	14,267,882	56,239,024
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(3,947,052)	(19,150,053)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	6,058,231
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	1,340,533	(1,576,144)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	1,340,533	4,482,087
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Lines 15 and 17)	11,018,540	64,791,109
19. Cash and short-term investments:		
19.1 Beginning of period	143,928,926	79,137,817
19.2 End of period (Line 18 plus Line 19.1)	154,947,466	143,928,926

STATEMENT AS OF JUNE 30, 2004 OF THE Priority Health

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	335,480	786	334,694	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
2 First Quarter	354,266	792	353,474	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
3 Second Quarter	356,090	855	355,235										
4. Third Quarter .....	.0	.0											
5. Current Year	0												
6 Current Year Member Months	2,125,149	4,875	2,120,274										
Total Member Ambulatory Encounters for Period:													
7. Physician	1,160,520	2,662	1,157,858										
8. Non-Physician	31,468	72	31,396										
9. Total	1,191,988	2,734	1,189,254	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	38,288	88	38,200										
11. Number of Inpatient Admissions	10,149	23	10,126										
12. Health Premiums Written	460,942,736	1,394,791	459,547,945										
13. Life Premiums Direct.....	.0												
14. Property/Casualty Premiums Written .....	.0												
15. Health Premiums Earned	458,699,888	1,388,004	457,311,884										
16. Property/Casualty Premiums Earned .....	.0												
17. Amount Paid for Provision of Health Care Services	399,085,013	1,269,081	397,800,528						15,404				
18. Amount Incurred for Provision of Health Care Services	388,924,560	1,236,771	387,688,989						(1,200)				

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)	51,887,667	314,907,085	2,829,604	67,807,012	54,717,271	71,507,695
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid	15,404				15,404	17,682
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	51,903,071	314,907,085	2,829,604	67,807,012	54,732,675	71,525,377
10. Other non-health .....					.0	.0
11. Medical incentive pools and bonus amounts	31,871,603	403,254		24,558,486	31,871,603	33,897,648
12. Totals	83,774,674	315,310,339	2,829,604	92,365,498	86,604,278	105,423,025

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

No material changes from year end disclosures.

2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

3. Business Combinations and Goodwill

No material changes from year end disclosures.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

No material changes from year end disclosures.

10. Information Concerning Parent, Subsidiaries, and Affiliates

No material changes from year end disclosures.

11. Debt

No material changes from year end disclosures.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is Not Applicable to the Plan.

18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

No material changes from year end disclosures.

NOTES TO FINANCIAL STATEMENTS

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. September 11 Events

No material changes from year end disclosures.

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

No material changes from year end disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures.

25. Change in Incurred Claims and Claim Adjustment Expenses

No material changes from year end disclosures.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes ☐ No ☒
- 1.2

If yes, explain:
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 3.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☐ No ☒ NA ☐

If yes, attach an explanation.
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/1999
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/1999
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/21/2001
- 7.4

By what department or departments?
OF IS:
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒
- 8.2

If yes, give full information:
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES
INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

10.2 If yes, explain:
.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$0

13. Amount of real estate and mortgages held in short-term investments:\$0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [X] No []

14.2 If yes, please complete the following:

		1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds .....	\$	.....	\$ .....
14.22 Preferred Stock .....	\$	.....	\$ .....
14.23 Common Stock .....	\$	.....	\$ .....
14.24 Short-term Investments .....	\$	.....	\$ .....
14.25 Mortgages, Loans or Real Estate .....	\$	.....	\$ .....
14.26 All Other .....	\$	.....5,194,339	\$7,887,961
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$	.....5,194,339	\$7,887,961
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$	.....	\$ .....
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above .....	\$	.....3,608	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [X]

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
Fifth Third Bank.....	Cincinnati, OH 45263.....
Huntington National Bank.....	Columbus, OH 43216.....
Prime Advisors, Inc.....	Bloomfield, Connecticut 06002.....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

SCHEDULE A - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	554,388	714,177
2. Increase (decrease) by adjustment	(77,860)	(159,789)
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	476,528	554,388
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	476,528	554,388
11. Total nonadmitted amounts	214,438	83,159
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	262,090	471,229

SCHEDULE B – VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets Included in Schedule BA

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	5,194,341	3,520,750
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions	3,000,000	2,010,000
3. Accrual of discount		0
4. Increase (decrease) by adjustment	(296,380)	(336,409)
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	7,897,961	5,194,341
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	7,897,961	5,194,341
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	7,897,961	5,194,341

SCHEDULE D - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	58,470,044	41,313,771
2. Cost of bonds and stocks acquired	11,167,882	54,229,023
3. Accrual of discount	16,809	0
4. Increase (decrease) by adjustment		(686,038)
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal	5,776	206,060
7. Consideration for bonds and stocks disposed of	9,946,589	36,592,772
8. Amortization of premium	389,271	0
9. Book/adjusted carrying value, current period	59,324,651	58,470,044
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	59,324,651	58,470,044
12. Total nonadmitted amounts		0
13. Statement value	59,324,651	58,470,044

STATEMENT AS OF JUNE 30, 2004 OF THE Priority Health

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	109,465,778	24,478,017	25,588,916	(552,107)	109,465,778	107,802,772	.0	111,545,873
2. Class 2	3,276,639	497,583	262,679	(13,965)	3,276,639	3,497,578	.0	4,080,671
3. Class 3 .....	.0				.0	.0	.0	.0
4. Class 4 .....	.0				.0	.0	.0	.0
5. Class 5 .....	.0				.0	.0	.0	.0
6. Class 6	0				0	0	0	0
7. Total Bonds	112,742,417	24,975,600	25,851,595	(566,072)	112,742,417	111,300,350	0	115,626,544
PREFERRED STOCK								
8. Class 1 .....	.0				.0	.0	.0	.0
9. Class 2 .....	.0				.0	.0	.0	.0
10. Class 3 .....	.0				.0	.0	.0	.0
11. Class 4 .....	.0				.0	.0	.0	.0
12. Class 5 .....	.0				.0	.0	.0	.0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	112,742,417	24,975,600	25,851,595	(566,072)	112,742,417	111,300,350	0	115,626,544

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	51,975,698	XXX	52,514,846	1,507,889	254,481

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	57,156,489	29,599,727
2. Cost of short-term investments acquired	37,822,782	79,921,508
3. Increase (decrease) by adjustment	(829,573)	(1,174,746)
4. Increase (decrease) by foreign exchange adjustment		0
5. Total profit (loss) on disposal of short-term investments		0
6. Consideration received on disposal of short-term investments	42,174,000	51,190,000
7. Book/adjusted carrying value, current period	51,975,698	57,156,489
8. Total valuation allowance		0
9. Subtotal (Lines 7 plus 8)	51,975,698	57,156,489
10. Total nonadmitted amounts		0
11. Statement value (Lines 9 minus 10)	51,975,698	57,156,489
12. Income collected during period	423,835	140,175
13. Income earned during period	341,071	626,021

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

STATEMENT AS OF JUNE 30, 2004 OF THE Priority Health

SCHEDULE S—CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

[illegible]

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

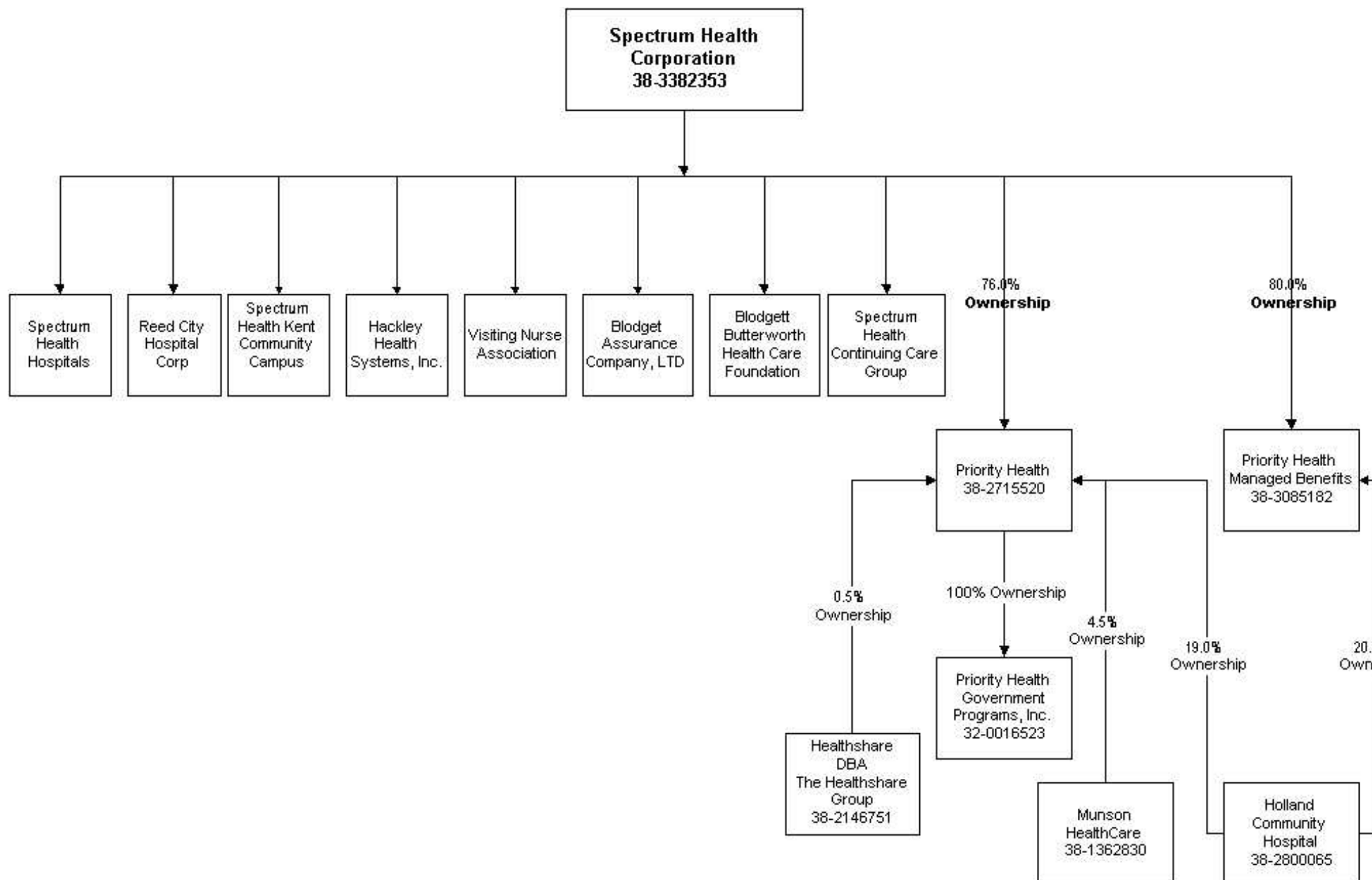
Allocated by States and Territories

		1	2	Direct Business Only Year-to-Date					
				3	4	5	6	7	8
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/ Casualty Premiums
1. Alabama	AL	No	No						
2. Alaska	AK	No	No						
3. Arizona	AZ	No	No						
4. Arkansas	AR	No	No						
5. California	CA	No	No						
6. Colorado	CO	No	No						
7. Connecticut	CT	No	No						
8. Delaware	DE	No	No						
9. District of Columbia	DC	No	No						
10. Florida	FL	No	No						
11. Georgia	GA	No	No						
12. Hawaii	HI	No	No						
13. Idaho	ID	No	No						
14. Illinois	IL	No	No						
15. Indiana	IN	No	No						
16. Iowa	IA	No	No						
17. Kansas	KS	No	No						
18. Kentucky	KY	No	No						
19. Louisiana	LA	No	No						
20. Maine	ME	No	No						
21. Maryland	MD	No	No						
22. Massachusetts	MA	No	No						
23. Michigan	MI	No	Yes	460,942,736					
24. Minnesota	MN	No	No						
25. Mississippi	MS	No	No						
26. Missouri	MO	No	No						
27. Montana	MT	No	No						
28. Nebraska	NE	No	No						
29. Nevada	NV	No	No						
30. New Hampshire	NH	No	No						
31. New Jersey	NJ	No	No						
32. New Mexico	NM	No	No						
33. New York	NY	No	No						
34. North Carolina	NC	No	No						
35. North Dakota	ND	No	No						
36. Ohio	OH	No	No						
37. Oklahoma	OK	No	No						
38. Oregon	OR	No	No						
39. Pennsylvania	PA	No	No						
40. Rhode Island	RI	No	No						
41. South Carolina	SC	No	No						
42. South Dakota	SD	No	No						
43. Tennessee	TN	No	No						
44. Texas	TX	No	No						
45. Utah	UT	No	No						
46. Vermont	VT	No	No						
47. Virginia	VA	No	No						
48. Washington	WA	No	No						
49. West Virginia	WV	No	No						
50. Wisconsin	WI	No	No						
51. Wyoming	WY	No	No						
52. American Samoa	AS	No	No						
53. Guam	GU	No	No						
54. Puerto Rico	PR	No	No						
55. U.S. Virgin Islands	VI	No	No						
56. Canada	CN	No	No						
57. Aggregate Other Alien	OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)		XXX	(a) 1	460,942,736	0	0	0	0	0
DETAILS OF WRITE-INS									
5701.									
5702.									
5703.									
5798. Summary of remaining write-ins for Line 57 from overflow page				0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)				0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

.....YES.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

SCHEDULE BA - PART 1

Showing Other Long-Term Invested Assets ACQUIRED During the Current Quarter

1	Location		4	5	6	7	8	9	10
Number of Units and Description	2 City	3 State	Name of Vendor	Date Acquired	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment
			NONE						
9999999 Totals									

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Current Quarter

1 Number of Units and Description	Location		4 Name of Purchaser or Nature of Disposition	5 Date Acquired	6 Book/ Adjusted Carrying Value Less Encumbrances, Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book/ Adjusted Carrying Value Less Encumbrances at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	2 City	3 State										
9999999 Totals												

SCHEDULE D - PART 3

CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator ^(a)
BONDS									
GOVERNMENTS									
UNITED STATES									
.313M4-07-1.....	FHLB 5.980 06/18/2008.....		.06/16/2004.	LEGG MASON.....		267,288	250,000	7,433	.1FE
.313X7-FK-5.....	FHLB 5.250 06/18/2014.....		.06/08/2004.	DAIN BOSWORTH.....		495,820	500,000	.875	.1FE
.912828-BK-5.....	US TREASURY N/B 3.125 09/15/2008.....		.05/27/2004.	ARBOR RESEARCH AND TRADING.....		216,597	220,000	1,382	.1
.912828-CE-8.....	US TREASURY N/B 3.125 04/15/2009.....		.05/06/2004.	LEHMAN.....		243,507	250,000	.470	.1
0399999 - Total - Bonds - U.S. Government						1,223,211	1,220,000	10,161	XXX
SPECIAL REVENUE & SPECIAL ASSESS.									
UNITED STATES									
.31292J-BQ-2.....	FHLMC C01847 5.500 06/01/2034.....		.06/01/2004.	LEHMAN.....		691,250	700,000	1,390	.1
.99M002-95-4.....	FHLMC TBA 5.500 06/01/2034.....		.06/01/2004.	LEHMAN.....		691,250	700,000	1,389	.1
3199999 - Total - Bonds - Special Revenue						1,382,500	1,400,000	2,780	XXX
INDUSTRIAL & MISC. (UNAFFIL)									
UNITED STATES									
.032511-AV-9.....	ANADARKO PETROLEUM CORP 3.250 05/01/2008.....		.04/06/2004.	GOLDMAN SACHS.....		247,943	250,000	3,634	.2FE
.22237L-MY-5.....	COUNTRYWIDE HOME LOAN 5.625 07/15/2009.....		.04/06/2004.	SPEAR.....		539,950	500,000	6,798	.1FE
.22541L-AM-5.....	CREDIT SUISSE FB USA INC 5.125 01/15/2014.....		.04/06/2004.	MORGAN STANLEY.....		502,551	500,000	6,620	.1FE
.337367-AB-2.....	FULBA 1998-C2 A2 6.560 11/01/2008.....		.05/12/2004.	FIRST UNION.....		540,978	500,000	1,458	.1FE
.41283A-AE-9.....	HDMOT 2004-2 A1 5.270 07/15/2006.....		.05/20/2004.	SALOMON BROS.....		299,971	300,000	.615	.1FE
.41283A-BK-4.....	HDMOT 2004-2 A1 2.180 07/15/2006.....		.05/20/2004.	SALOMON BROS.....		299,971	300,000		.1FE
.43812F-AD-6.....	HAROT 2004-1 A4 3.060 12/21/2008.....		.04/15/2004.	FIFTH THIRD.....		349,915	350,000		.1FE
.52517P-VU-2.....	LEHMAN BROTHERS HOLDINGS 3.600 03/13/2009.....		.04/16/2004.	LEHMAN.....		491,925	500,000	2,800	.1FE
.600388-AA-0.....	MILLER BREWING CO 4.250 08/15/2008.....		.05/06/2004.	UBS.....		249,640	250,000	2,538	.2FE
4599999 - Total - Bonds - Industrial, Misc.						3,522,842	3,450,000	24,462	XXX
6099997 - Total - Bonds - Part 3						6,128,553	6,070,000	37,402	XXX
6099999 - Total - Bonds						6,128,550	6,070,000	37,402	XXX
6599999 - Total - Preferred Stocks						0	XXX	0	XXX
7299999 - Total - Common Stocks						0	XXX	0	XXX
7399999 - Total - Preferred and Common Stocks						0	XXX	0	XXX
7499999 - Totals						6,128,550	XXX	37,402	XXX

STATEMENT AS OF JUNE 30, 2004 OF THE Priority Health

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)
BONDS GOVERNMENTS UNITED STATES																					
3133MN-PS-4..	FHLB 3.375 05/14/2004.....		05/14/2004..	MATURITY.....		500,000	500,000	508,905	501,925	0	(1,925)	0	(1,925)	0	500,000	0	0	0	6,466	05/14/2004	1FE
3133MQ-ST-2..	FHLB 3.000 08/15/2005.....		06/08/2004..	DAIN BOSWORTH.....		503,600	500,000	508,170	504,823	0	(1,287)	0	(1,287)	0	503,535	0	65	65	10,963	08/15/2005	1FE
912827-4Y-5..	US TREASURY N/B 3.875 01/15/2009.....		05/27/2004..	FIFTHTHIRD.....		218,115	170,000	219,874	219,874	0	(2,835)	0	(2,835)	0	217,039	0	1,076	1,076	(66)	01/15/2009	1
0399999 - Bonds - U.S. Governments						1,221,715	1,170,000	1,236,949	1,226,622	0	(6,047)	0	(6,047)	0	1,220,575	0	1,141	1,141	17,362	XXX	XXX
SPECIAL REVENUE & SPECIAL ASSESS. UNITED STATES																					
31283H-S9-7..	FHLMC G01444 6.500 08/01/2032.....		06/01/2004..	MBS PAYDOWN.....		102,041	102,041	106,282	103,064	0	(1,023)	0	(1,023)	0	102,041	0	0	0	1,682	08/01/2032	1
31287X-Z8-2..	FHLMC C70767 6.000 09/01/2032.....		06/01/2004..	MBS PAYDOWN.....		16,925	16,925	17,523	16,949	0	(25)	0	(25)	0	16,925	0	0	0	321	09/01/2032	1
31292H-R7-1..	FHLMC C01410 6.000 10/01/2032.....		06/01/2004..	MBS PAYDOWN.....		35,123	35,123	36,226	35,286	0	(163)	0	(163)	0	35,123	0	0	0	703	10/01/2032	1
31292H-RZ-9..	FHLMC C01404 6.500 10/01/2032.....		06/01/2004..	MBS PAYDOWN.....		29,886	29,886	31,007	30,061	0	(174)	0	(174)	0	29,886	0	0	0	620	10/01/2032	1
31371H-D9-6..	FNMA #252228 7.000 12/01/2028.....		06/01/2004..	MBS PAYDOWN.....		19,756	19,756	20,691	20,117	0	(361)	0	(361)	0	19,756	0	0	0	206	12/01/2028	1
31371K-T6-8..	FNMA #254473 5.500 10/01/2017.....		06/01/2004..	MBS PAYDOWN.....		34,233	34,233	35,442	34,410	0	(177)	0	(177)	0	34,233	0	0	0	592	10/01/2017	1
31371K-UC-3..	FNMA #254479 6.500 10/01/2032.....		06/01/2004..	MBS PAYDOWN.....		57,365	57,365	59,328	57,803	0	(439)	0	(439)	0	57,365	0	0	0	1,086	10/01/2032	1
31371K-WK-3..	FNMA #254550 6.500 12/01/2032.....		06/01/2004..	MBS PAYDOWN.....		51,678	51,678	53,487	52,062	0	(384)	0	(384)	0	51,678	0	0	0	961	12/01/2032	1
31371L-DN-6..	FNMA #254909 4.000 07/01/2016.....		06/01/2004..	MBS PAYDOWN.....		19,943	19,943	20,099	19,959	0	(16)	0	(16)	0	19,943	0	0	0	319	07/01/2016	1
31374G-WG-8..	FNMA #313947 7.000 01/01/2028.....		06/01/2004..	MBS PAYDOWN.....		10,258	10,258	10,746	10,354	0	(95)	0	(95)	0	10,258	0	0	0	201	01/01/2028	1
31385J-LC-0..	FNMA #545823 5.500 08/01/2017.....		06/01/2004..	MBS PAYDOWN.....		32,229	32,229	33,382	32,396	0	(167)	0	(167)	0	32,229	0	0	0	562	08/01/2017	1
31385J-RN-0..	FNMA #545993 6.000 11/01/2032.....		06/01/2004..	MBS PAYDOWN.....		66,506	66,506	68,324	66,890	0	(384)	0	(384)	0	66,506	0	0	0	1,252	11/01/2032	1
31385W-2D-0..	FNMA #555272 6.000 03/01/2033.....		06/01/2004..	MBS PAYDOWN.....		99,891	99,891	102,497	100,423	0	(532)	0	(532)	0	99,891	0	0	0	1,929	03/01/2033	1
31385W-2S-7..	FNMA #555285 6.000 03/01/2033.....		06/01/2004..	MBS PAYDOWN.....		63,917	63,917	65,016	64,133	0	(216)	0	(216)	0	63,917	0	0	0	1,355	03/01/2033	1
31385X-NR-4..	FNMA #555800 5.500 10/01/2033.....		06/01/2004..	MBS PAYDOWN.....		111,565	111,565	112,572	111,686	0	(122)	0	(122)	0	111,565	0	0	0	2,414	10/01/2033	1
31388K-GA-4..	FNMA #606893 6.500 10/01/2031.....		06/01/2004..	MBS PAYDOWN.....		23,426	23,426	24,106	23,582	0	(157)	0	(157)	0	23,426	0	0	0	475	10/01/2031	1
31388L-C8-1..	FNMA #607695 6.500 11/01/2031.....		06/01/2004..	MBS PAYDOWN.....		36,544	36,544	37,783	36,813	0	(269)	0	(269)	0	36,544	0	0	0	694	11/01/2031	1
31388R-GT-8..	FNMA #612310 6.000 09/01/2016.....		06/01/2004..	MBS PAYDOWN.....		12,267	12,267	12,677	12,359	0	(92)	0	(92)	0	12,267	0	0	0	190	09/01/2016	1
31389U-TR-0..	FNMA #636060 7.000 04/01/2032.....		06/01/2004..	MBS PAYDOWN.....		8,702	8,702	9,047	8,733	0	(31)	0	(31)	0	8,702	0	0	0	175	04/01/2032	1
31390P-TE-7..	FNMA #652249 5.000 09/01/2017.....		06/01/2004..	MBS PAYDOWN.....		2,011	2,011	2,049	2,024	0	(13)	0	(13)	0	2,011	0	0	0	29	09/01/2017	1
31391D-DD-2..	FNMA #663500 5.500 10/01/2032.....		06/01/2004..	MBS PAYDOWN.....		160,375	160,375	162,405	160,611	0	(236)	0	(236)	0	160,375	0	0	0	3,785	10/01/2032	1
31391J-JM-3..	FNMA #668168 6.000 11/01/2032.....		06/01/2004..	MBS PAYDOWN.....		58,045	58,045	59,732	58,273	0	(228)	0	(228)	0	58,045	0	0	0	1,140	11/01/2032	1
313910-S8-8..	FNMA #673843 5.500 10/01/2017.....		06/01/2004..	MBS PAYDOWN.....		32,236	32,236	32,851	32,267	0	(31)	0	(31)	0	32,236	0	0	0	582	10/01/2017	1
31400C-6F-6..	FNMA #684070 5.000 05/01/2018.....		06/01/2004..	MBS PAYDOWN.....		49,246	49,246	50,416	49,352	0	(105)	0	(105)	0	49,246	0	0	0	897	05/01/2018	1

SCHEDULE D - PART 4

Stock Sold, Redeemed or Otherwise Disposed of by the Company

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Identification	Description	Foreign Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B/A. C.V. (11 + 12 - 13)	Total Foreign Exchange Change in B/A. C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/Stock Dividends Received During Year	Maturity Date	NAIC Designation or Market Indicator (a)	
31400W-T7-5	FNMA #699974 5.500 04/01/2033		.06/01/2004	MBS PAYDOWN		.42,940	.42,940	.43,986	.43,073	.0	(.133)	.0	(.133)	.0	.42,940	.0	.0	.0	.864	.04/01/2033	.1
31401B-VB-8	FNMA #703610 4.500 06/01/2018		.06/01/2004	MBS PAYDOWN		.16,395	.16,395	.16,818	.16,429	.0	(.34)	.0	(.34)	.0	.16,395	.0	.0	.0	.265	.06/01/2018	.1
31401W-V9-7	FNMA #720740 5.000 07/01/2033		.06/01/2004	MBS PAYDOWN		.27,435	.27,435	.28,083	.27,491	.0	(.55)	.0	(.55)	.0	.27,435	.0	.0	.0	.492	.07/01/2033	.1
314020-CF-6	FNMA #734570 5.500 08/01/2033		.06/01/2004	MBS PAYDOWN		.91,011	.91,011	.90,229	.90,962	.0	.49	.0	.49	.0	.91,011	.0	.0	.0	.2,161	.08/01/2033	.1
31402W-LY-2	FNMA #740243 6.000 10/01/2033		.06/01/2004	MBS PAYDOWN		.77,155	.77,155	.78,264	.77,398	.0	(.243)	.0	(.243)	.0	.77,155	.0	.0	.0	.1,676	.10/01/2033	.1
31403V-GR-4	FNMA #759008 5.000 01/01/2034		.06/01/2004	MBS PAYDOWN		.12,488	.12,488	.12,394	.12,485	.0	.3	.0	.3	.0	.12,488	.0	.0	.0	.254	.01/01/2034	.1
31404D-QG-6	FNMA #765555 5.000 12/01/2033		.06/01/2004	MBS PAYDOWN		.40,069	.40,069	.39,462	.40,043	.0	.27	.0	.27	.0	.40,069	.0	.0	.0	.642	.12/01/2033	.1
31404J-QD-0	FNMA #770052 4.500 03/01/2019		.06/01/2004	MBS PAYDOWN		.15,828	.15,828	.15,977	.15,833	.0	(.5)	.0	(.5)	.0	.15,828	.0	.0	.0	.105	.03/01/2019	.1
99M002-95-4	FHLMC TBA 5.500 06/01/2034		.06/01/2004	LEHMAN		.691,250	.700,000	.691,250	.691,250	.0	.0	.0	.0	.0	.691,250	.0	.0	.0	.1,390	.06/01/2034	.1
3199999 - Bonds - Special Revenues						2,148,740	2,157,490	2,180,150	2,154,570	0	(5,831)	0	(5,831)	0	2,148,740	0	0	0	30,018	XXX	XXX
INDUSTRIAL & MISC. (UNAFFIL) UNITED STATES																					
001957-AV-1	AT&T CORP 6.000 03/15/2009		.05/04/2004	CITICORP		.249,353	.250,000	.264,135	.263,484	.0	(.805)	.0	(.805)	.0	.262,679	.0	(.13,326)	(.13,326)	.8,862	.03/15/2009	2FE
07383F-AA-6	BSCMS 1998-C1 A1 6.340 10/01/2007		.06/01/2004	MBS PAYDOWN		.16,933	.16,933	.18,337	.17,091	.0	(.159)	.0	(.159)	.0	.16,933	.0	.0	.0	.289	.10/01/2007	1FE
22237L-NC-2	COUNTRYWIDE HOME LOAN 3.500 12/19/2005		.04/06/2004	MORGAN STANLEY		.511,250	.500,000	.511,700	.510,272	.0	(.1,439)	.0	(.1,439)	.0	.508,833	.0	.2,417	.2,417	.4,055	.12/19/2005	1FE
257661-AE-8	DONALDSON LUFKIN JENRETTE 6.500 04/01/2008		.04/06/2004	MORGAN STANLEY		.555,995	.500,000	.571,215	.563,115	.0	(.3,892)	.0	(.3,892)	.0	.559,223	.0	(.3,228)	(.3,228)	.13,351	.04/01/2008	1FE
41283A-AE-9	HDMOT 2004-2 A1 5.270 07/15/2006		.05/20/2004	FIFTHTHIRD		.299,971	.300,000	.299,971	.299,971	.0	.0	.0	.0	.0	.299,971	.0	.0	.0	.615	.07/15/2006	1FE
41283A-BK-4	HDMOT 2004-2 A1 2.180 07/15/2006		.06/15/2004	MBS PAYDOWN		.6,230	.6,230	.6,229	.6,225	.0	.5	.0	.5	.0	.6,230	.0	.0	.0	.12	.07/15/2006	1FE
59018Y-LN-9	MERRILL LYNCH & CO 5.360 02/01/2007		.04/06/2004	ADVEST		.534,460	.500,000	.537,630	.534,725	.0	(.3,032)	.0	(.3,032)	.0	.531,693	.0	.2,767	.2,767	.15,653	.02/01/2007	1FE
CDX047-08-7	BANK OF HOLLAND CD #501247 4.810 12/24/2005		.04/14/2004	FIFTHTHIRD		.5,677	.5,677	.5,677	.5,677	.0	.0	.0	.0	.0	.5,677	.0	.0	.0	.711	.12/24/2005	.1
CDX049-18-2	FLAGSTAR BANK CD 4.250 04/21/2005		.05/12/2004	FIFTHTHIRD		.1,042	.1,042	.1,042	.1,042	.0	.0	.0	.0	.0	.1,042	.0	.0	.0	.55	.04/21/2005	.1
CDX049-19-0	MACATAWA BANK CD #46158 4.180 06/21/2004		.06/21/2004	MATURITY		.100,000	.100,000	.100,000	.100,000	.0	.0	.0	.0	.0	.100,000	.0	.0	.0	.2,096	.06/21/2004	.1
CDX058-58-9	PARAGON BK #10123 2.000 05/06/2004		.05/06/2004	MATURITY		.60,000	.60,000	.60,000	.60,000	.0	.0	.0	.0	.0	.60,000	.0	.0	.0	.500	.05/06/2004	.1
4599999 - Bonds - Industrial and Miscellaneous						2,340,910	2,239,882	2,375,937	2,361,602	0	(9,321)	0	(9,321)	0	2,352,281	0	(11,371)	(11,371)	46,199	XXX	XXX
6099997 - Bonds - Part 4						5,711,365	5,567,371	5,793,036	5,742,794	0	(21,199)	0	(21,199)	0	5,721,595	0	(10,231)	(10,231)	93,579	XXX	XXX
6099999 - Total - Bonds						5,711,365	5,567,371	5,793,036	5,742,794	0	(21,199)	0	(21,199)	0	5,721,595	0	(10,231)	(10,231)	93,579	XXX	XXX
6599999 - Total - Preferred Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7299999 - Total - Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX
7399999 - Total - Preferred and Common Stocks						0	XXX	0	0	0	0	0	0	0	0	0	0	0	0	XXX	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues

E05.1

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

STATEMENT AS OF JUNE 30, 2004 OF THE Priority Health

SCHEDULE E - PART 1 - CASH

[illegible]